

BEFORE THE IDAHO BOARD OF TAX APPEALS

IN THE MATTER OF THE APPEAL OF I & W) APPEAL NO. 07-A-2147
PARTNERSHIP from the decision of the Board of) FINAL DECISION
Equalization of Bannock County for tax year 2007.) AND ORDER

RURAL PROPERTY APPEAL

THIS MATTER came on for hearing October 9, 2007 in Pocatello, Idaho before Board Member David E. Kinghorn. Board Member Lyle R. Cobbs participated in this decision. Irvin Spraker appeared at hearing for Appellant. Assessor Jo Lynn Anderson and Appraiser Jared Paul Stein appeared for Respondent Bannock County. This appeal is taken from a decision of the Bannock County Board of Equalization (BOE) denying the protest of the valuation for taxing purposes of property described as Parcel No. R3803044201.

The issue on appeal is the market value of a rural homesite.

The decision of the Bannock County Board of Equalization is modified.

FINDINGS OF FACT

The assessed land value is \$37,250. At hearing Appellant requested the land value be reduced to \$15,500.

The subject property is a one acre rural homesite located in or near Pocatello. Attached is a mobile home, the value of which, is not under appeal here. Subject is surrounded by a larger parcel being put to agricultural use.

Appellant's primary argument concerned the sales used by the County to value subject. At BOE, homesites located within subdivisions were used to support subject's land value. Appellant argued the more appropriate method would be to examine sales of rural land. Several sales were referenced, though limited details were given. These sales indicated to Appellant a price per acre of \$5,000, which formed the base of Appellant's value claim.

Appellant also questioned the value assigned by the County for subject's well. Respondent submitted quotes from several local well drilling companies, which showed a price range between \$7,000 and \$10,000, to have a typical well drilled. Respondent assigned a value of \$6,500 for well improvements throughout the county. Appellant argued a shallow well could be drilled for less than a deep well. Appellant believed using average well costs was inappropriate. Subject was noted to have a shallow well, so Appellant contended a lower value should have been used.

To arrive at subject's proposed value, Appellant started with \$5,000 as noted above. Added were well, septic, and utility installation costs in the amount of \$10,500, resulting in a total value of \$15,500.

Just prior to hearing, Respondent noted an error in subject's assessment. Subject is located in township 6, however, was valued as a homesite in township 5 (\$29,250). Homesites in township 6 were valued at \$19,125. Though not provided, Respondent testified this value was derived from sales within the township. After adding \$9,500 for well and septic, Respondent recommended reducing subject's homesite value to \$28,625.

CONCLUSIONS OF LAW

This Board's goal in its hearings is the acquisition of sufficient, accurate evidence to support a determination of fair market value. This Board, giving full opportunity for all arguments and having considered all testimony and documentary evidence submitted by the parties in support of their respective positions, hereby enters the following.

For the purposes of taxation, Idaho requires property be assessed at market value as defined in Idaho Code § 63-201 (10):

“Market value” means the amount of United States dollars or

equivalent for which, in all probability, a property would exchange hands between a willing sell, under no compulsion to sell, and an informed, capable buyer, with a reasonable time allowed to consummate the sale, substantiated by a reasonable down or full cash payment.

Appellant alleged error in the method used by the Assessor to value subject. It was argued using land sales of properties located in subdivisions as a basis for valuing subject's rural homesite was improper. Appellant referenced a couple rural property sales that indicated an average price per acre of \$5,000. The problem, however, was no details concerning the sales were provided. Most importantly, it was unclear if the sales involved farm properties. Appellant noted a house had been built on one of the parcels, but we do not know if the land was sold as agricultural or residential. In all, more information would be necessary to rely on these referenced sales.

In any event, using sales of agricultural property would be improper to value a homesite. Property must be valued according to its use. A homesite, whether located in town or on a farm, is being put to residential use. Because one-acre sales of rural ground are rare, it is common to examine lot sales in town and make necessary adjustments to arrive at rural homesite values. As such, Respondent's use of one-acre residential land sales as the basis for value subject's homesite is not, on its face, in error.

Prior to hearing, Respondent noticed an error in subject's assessment. Subject was valued as a property located in Township 6 (where property values are higher), rather than Township 5 where the property is actually located. As such, Respondent requested subject's base land value be reduced to \$19,125 to align with parcels in Township 5. Because the error was not discovered until just prior to hearing, Respondent was unable to immediately provide the sales used to value lots in Township 5, however, testified market data supported the value. After

adding \$9,500 for well and septic, Respondent requested subject's total value be reduced to \$28,625.

Though it would be preferable to have the opportunity to examine the sales Respondent used to calculate land values in Township 5, we have no reason to doubt the data was thoughtfully examined and appropriately applied. We appreciate Respondent's integrity in admitting error and will adopt the proposed land value of \$28,625. The decision of the Bannock County Board of Equalization is modified accordingly.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Bannock County Board of Equalization concerning the subject parcel be, and the same hereby is, modified, to reflect a decrease in land value to \$28,625.

IT IS FURTHER ORDERED that any taxes which have been paid in excess of those determined to have been due be refunded or applied against other *ad valorem* taxes due from Appellant.

MAILED April 30, 2008